



SMALL BUSINESS CPARS RATINGS

for MID-ATLANTIC REGIONAL COUNCIL

Presented by:

Jill Moore

Deputy Associate Director

NAVAIR Office of Small Business Programs

9 November, 2011



Agenda

Purpose: To provide lessons learned for those who will be evaluating Large Business prime contractors on their Small Business utilization via the Contractor Performance Assessment Reporting System (CPARS)

- **Ratings & Colors**
- **Sources of Data**
- **Tips**



CPARS and Small Business

- **FEB09 CPARS update included new rating element for Utilization of Small Business (SB)**
 - Provides more focus & visibility into SB performance, and holds the contractors more accountable for their best efforts
 - Required for CPARS, including Systems, Services and IT...
 - ...Whenever SB subcontracting goals are part of the contract/BOA order/BPA
 - Not required for single-agency task orders or delivery orders
- **Previously, SB Utilization was part of the Subcontract Management rating**
- **New element rates the following:**
 - Contractor's compliance with SB Subcontracting Plan program
 - Whether contractor provides "maximum practicable opportunity" to SBs
 - Contractor's efforts to achieve goals in their Subcontracting Plan
- **OSD(AT&L) established new criteria for SB Utilization CPARS colors**



CPARS Initiation

CPARS - Systems

Contract/Schedule Number: N0001905G0008 ? Order Number: 0011
(Click on a tab below to view/enter the related information; fields identified with * are required)

Contractor Name/Address **Contract Information** **Misc Information** **Small Business Utilization** **Ratings** **Assessor**

Small Business Utilization ?

* Does this contract include a subcontracting plan? (Select) v

Is small business subcontracting under this contract included in a comprehensive small business subcontracting plan? N/A v

Is small business subcontracting under this contract included in a commercial small business subcontracting plan? N/A v

Date of last Individual Subcontracting Report (ISR) / Summary Subcontracting Report (SSR): N/A v

Yes or No

Yes, No or N/A

Yes, No or N/A

(Click on a tab below to view/enter the related information; fields identified with * are required)

Contractor Name/Address **Contract Information** **Misc Information** **Small Business Utilization** **Ratings** **Assessor**

18. * Evaluate the following Areas: ? (rate or select N/A for all major areas, a - e)

a. Quality **b. Schedule** **c. Cost Control** **d. Management** **e. Small Business** **f. Other Areas**

e. Utilization of Small Business ?

Past Color: N/A Color: (Select) v Trend: N/A v

20. Assessing Official Narrative (15189 characters remaining for all Assessing Official Narrative fields)

Contract Complete
N/A
Bi-Annual date-Mar or Sep (This information comes from the eSRS)

Standard CPAR rating
(required when answering
"Yes" to Does this contract
include a subcontracting
plan?)

Note: The CPARS on-line help is good...look for the: ? symbol



You Will Need to Know

• Does your contract have a SB Subcontracting Plan?

How do you know?



- If your contract value is >\$650K, and the prime is a large business, it's very likely
- Your PCO/Contracts Specialist will know for certain, and can help you get a copy

• What kind of Plan is it?

How do you know?



- Plan is part of the contract, often as an attachment
- Commercial Plans exist for several primes; used when buying commercial items only!
- Comprehensive Subcontracting Plans (CSPs) exist for 11 DoD primes:
 - BAE
 - General Dynamics
 - L-3 Comm
 - Lockheed Martin
 - Raytheon
 - Hamilton Sunstrand
 - Pratt & Whitney
 - GE Aviation
 - Northrop ES
 - Harris
 - Sikorsky

• When did the contractor last submit their report?

(Individual Subcontracting Report (ISR) or Summary Subcontracting Report (SSR))

How do you know?



- Register and log on to <http://esrs.gov> to view; or
- Ask!
 - PCO accepts all ISRs and Commercial SSRs
 - DCMA accepts CSP SSRs and can get copies
 - For BOAs, PCO may have a copy, otherwise the contractor will have a copy



SB Utilization Factors

<http://www.cpars.csd.disa.mil/cparsfiles/pdfs/DoD-CPARS-Guide.pdf>

Did the contractor:

- **Meet or exceed Plan SB goals? (or do they have a plan to get there by the end of the contract period?)**
- **Comply with FAR 52.219-8 to provide “maximum practicable opportunity” for SBs to compete for work under this contract?**
- **Implement successful initiatives to assist, promote and utilize SBs?**
- **Complete & submit their required ISRs/SSRs accurately & on time?**
- **Meet or exceed any other SB-related requirements of the contract, such as transitioning SBIR technology? (could lead to higher rating)**
- **Provide meaningful, innovative work to SBs, directly related to the project?**
- **Followup with successful implementation of any Corrective Action Plan?**



SB CPAR Rating Definitions

| Rating | Subcontracting Plan | Reports | Benefits/Impacts |
|-------------------------|---|-----------------------------|---|
| Dark Blue - Exceptional | Met all goals and exceeded at least one | Accurate & timely | Multiple significant events of benefit |
| Purple - Very Good | Met all traditional goals and at least one other goal | Accurate & timely | Significant event of benefit |
| Green - Satisfactory | Good faith effort to meet goals | Accurate & timely | Minor problems; major problems w/ corrective action |
| Yellow - Marginal | Deficient in meeting key Plan elements | Innaccurate and/or untimely | Corrective action plan required |
| Red - Unsatisfactory | Noncompliant; uncooperative | Innaccurate, untimely | Multiple significant problems; liquidated damages |




- Be sure to use the SB evaluation rating definitions
- See the CPARS Policy Guide for detailed definitions and ratings (in Attachment 2)
- +/- should be used to indicate trends and performance changes not sufficient to warrant a color change



Details



Sources of Evaluation Data

- Request a small business [self-assessment](#) from the contractor as input – check with your PCO to ensure it's within scope
 - Add SB utilization to your [regular Program Reviews](#) and other status meetings – the contractor should be providing you with this information as with other programmatic updates – again, check with PCO to ensure it's within scope
-  **Sample Agenda**
- Ask the cognizant [ACO to provide an assessment](#) as input (non-CSP holders only); subcontract plan performance monitoring is primarily an ACO function.
 - For contracts with SB [incentive fee](#) or [award fee](#) criteria – ratings should be consistent between incentive/award fee & CPARs
 - DCMA has a special group that monitors performance of CSP holders (NAVAIR SB Office can assist with POCs), and releases a yearly evaluation report (the ["640" report](#))
-  **Contents**
- CSP holders do provide some [Program-Level Reporting](#) for several Agencies' ACAT I programs; listed in the CSP
 - Ask the contractor to add you to their list of people to notify when their [ISR/SSR](#) reports are posted in eSRS so you can look for them - register as an eSR user or ask your PCO to pull the report
-  **Example**



When Rating Performance

- **General**

- CPAR SB evaluation depends on last ISR/SSR published, regardless of the CPAR period of performance

- **Individual SB Subcontracting Plans**

- Ask your Administrative Contracting Officer (could be DCMA) how they would rate the prime's small business utilization & compliance
- Review the Plan and assess whether the contractor is making a good faith effort to comply
- Check the most recent ISR – are they meeting their goals?
- If goals are not being met, is adequate rationale/explanatory material provided?
- If the Plan shows zero as a goal; contractor shall be considered to have met that goal

- **CSPs & Commercial SB Subcontracting Plans**

- Little/no contract-specific data; limited flexibility in rating
- Get a copy of the most recent SSR
- Collect the latest 640 report for DCMA assessment
 - The CPAR rating shall mirror that assigned by the DCMA CSP office
 - "Results of DCMA's most recent review (dated xxx) rated SB utilization as "acceptable"."
- If contract has Program-Level Reporting, review latest status
 - Note whether DCMA has any concerns
 - Since the prime isn't held to their CSP goals for an individual contract, you can't down-rate them based on program-level actuals





For More Information

CPARS System – Training, References, Practice, Policy Guide

<https://www.cpars.csd.disa.mil>

CPARS Help Desk

207-438-1690; email webptsmh@navy.mil

Agency Local CPARS Focal Point

(part of Contracts Policy in NAVAIR)



Questions?



Backups



Program Review SB Topics

Ideas for the CSP Primes to Address

(for CSP participants only: BAE, GE, General Dynamics, Hamilton Sunstrand, Harris, L-3 CSB Sector, Lockheed, NG Electronic Systems, Pratt & Whitney, Raytheon, Sikorsky)

- **Current goals vs actuals (a simple table). If in mid-year, what is their plan of action to achieve the goals?**
- **SB subcontracts over time on this contract (a graph). Explain any anomalies**
- **Most recent SummarySubcontracting Report and date submitted. Have they missed any or were they late? Why?**
- **List of recent subcontracts/purchase orders to SBs on this contract: who, type of business, when, how much, what for? Is the work meaningful or innovative (i.e. design services vs janitorial)?**
- **Special initiatives on this contract to help them ensure they meet or exceed their CSP SB subcontracting goals, and assist SBs**
- **Discuss how they may be including SBIR technologies on this contract**
- **Discuss methods they are using to ensure maximum SB opportunity on this contract**



Program Review SB Topics

Ideas for the non-CSP Primes to Address

On your particular contract:

- **Current goals vs actuals (a simple table). If in mid-year or mid-contract, what is their plan of action to achieve the goals?**
- **Historical actuals over time (a graph). Explain any anomalies.**
- **Most recent Individual Subcontracting Report and date submitted. Have they missed any or were they late? Why?**
- **List of recent subcontracts/purchase orders to small businesses: who, type of business, when, how much, what for? Is the work meaningful or innovative (i.e. design services vs janitorial)?**
- **What issues or problems are they having which may prevent them from meeting their goals? Discuss mitigation plans**
- **Special initiatives on this contract to help them ensure they meet or exceed their SB subcontracting goals, and assist SBs**
- **Discuss how they may be including SBIR technologies**
- **Discuss methods they are using to ensure maximum SB opportunity**

Any other ideas?



Back



Annual CSP Ratings

DEFENSE CONTRACT MANAGEMENT AGENCY (DCMA) REVIEW OF CONTRACTOR'S COMPREHENSIVE SUBCONTRACTING PROGRAM

(DCMA Form 640)

Cover letter - Documents rating (outstanding, highly successful, acceptable, marginal, or unacceptable) – ties directly to CPARS colors

Part I - Block 10 shows reporting period

Part II - Goal trends and special initiatives by the contractor

Part V -

Block 1 shows definitions of ratings

Block 2 has risk level

Block 3 summarizes findings and rationale for rating



Back



Individual Subcontracting Report (ISR)

(formerly SF294, Subcontracting Report for Individual Contracts)

- Required by FAR 52.219-9(I)(1) on an INDIVIDUAL CONTRACT basis
- Subcontract data from Prime and Subcontractors if they are required to report subcontracts awarded to small businesses under a Subcontracting Plan
- Not required for
 - Small Businesses
 - Contracts with a Commercial Subcontracting Plan (tailored SSR)
 - Contracts with a Comprehensive Subcontracting Plan (SSR only)
- Contains...

PCO Must Acknowledge!

| | Current Goal | | | Actual Cumulative | | |
|---------|---------------|--|------------------------------------|-------------------|--|------------------------------------|
| | Whole Dollars | Percentage of Total Subcontract Awards | Percentage of Total Contract Value | Whole Dollars | Percentage of Total Subcontract Awards | Percentage of Total Contract Value |
| SB | | | | | | |
| LB | | | | | | |
| Total | | | | | | |
| | | | | | | |
| SDB | | | | | | |
| WOSB | | | | | | |
| HBCU/MI | | | | | | |
| HUBZone | | | | | | |
| VOSB | | | | | | |
| SDVOSB | | | | | | |


Only 1st Tier Subcontracts

In addition to CPARS: ISRs should be used to establish historical precedent for what are "reasonable" goal levels in follow-on or similar contracts



Evaluation Rating Definitions - Blue

Evaluation Ratings Definitions (Utilization of Small Business)

| Rating | Definition | Note |
|--|--|---|
| Dark Blue/ Exceptional  | <p>Exceeded all negotiated subcontracting goals or exceeded at least one goal and met all of the other negotiated subcontracting goals for the current period. Had exceptional success with initiatives to assist, promote, and utilize small business (SB), small disadvantaged business (SDB), women-owned small business (WOSB), HUBZone small business, veteran-owned small business (VOSB) and service disabled veteran owned small business (SDVOSB). Complied with FAR 52.219-8, Utilization of Small Business Concerns. Exceeded any other small business participation requirements incorporated in the contract, including the use of small businesses in mission critical aspects of the program. Went above and beyond the required elements of the subcontracting plan and other small business requirements of the contract. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner.</p> | <p>To justify an Exceptional rating, identify multiple significant events and state how they were a benefit to small business utilization. A singular benefit, however, could be of such magnitude that it constitutes an Exceptional rating. Ensure that small businesses are given meaningful, innovative work directly related to the project, rather than peripheral work, such as cleaning offices, supplies, landscaping, etc. Also, there should have been no significant weaknesses identified.</p> |





Evaluation Rating Definitions - Purple

Purple/Very Good



Met all of the negotiated subcontracting goals in the traditional socio-economic categories (SB, SDB and WOSB) and met at least one of the other socio-economic goals (HUBZone, VOSB, SDVOSB) for the current period. Had significant success with initiatives to assist, promote and utilize SB, SDB, WOSB, HUBZone, VOSB, and SDVOSB. Complied with FAR 52.219-8, Utilization of Small Business Concerns. Met or exceeded any other small business participation requirements incorporated in the contract, including the use of small businesses in mission critical aspects of the program. Endeavored to go above and beyond the required elements of the subcontracting plan. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner.

To justify a Very Good rating, identify a significant event and state how they were a benefit to small business utilization. Ensure that small businesses are given meaningful, innovative work directly related to the project, rather than peripheral work, such as cleaning offices, supplies, landscaping, etc. There should be no significant weaknesses identified.



Evaluation Rating Definitions - Green

Green/ Satisfactory



Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory.

To justify a Satisfactory rating, there should have been only minor problems, or major problems the contractor recovered from without impact to the contract. There should have been NO significant weaknesses identified. Per DOD policy, a fundamental principle of assigning ratings is that contractors will not be assessed a rating lower than Satisfactory solely for not performing beyond the requirements of the contract.





Evaluation Rating Definitions - Yellow

Yellow/ Marginal



Deficient in meeting key subcontracting plan elements. Deficient in complying with FAR 52.219-8, Utilization of Small Business Concerns, and any other small business participation requirements in the contract. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Failed to satisfy one or more requirements of a corrective action plan currently in place; however, does show an interest in bringing performance to a satisfactory level and has demonstrated a commitment to apply the necessary resources to do so. Required a corrective action plan.

To justify Marginal performance, identify a significant event that the contractor had trouble overcoming and how it impacted small business utilization. A Marginal rating should be supported by referencing the actions taken by the government that notified the contractor of the contractual deficiency.





Evaluation Rating Definitions - Red

Red/ Unsatisfactory



Noncompliant with FAR 52.219-8 and 52.219-9, DFARS 252.219-7003, and any other small business participation requirements in the contract. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Showed little interest in bringing performance to a satisfactory level or is generally uncooperative. Required a corrective action plan.

To justify an Unsatisfactory rating, identify multiple significant events that the contractor had trouble overcoming and state how it impacted small business utilization. A singular problem, however, could be of such serious magnitude that it alone constitutes an Unsatisfactory rating. An Unsatisfactory rating should be supported by referencing the actions taken by the government to notify the contractor of the deficiencies. When an Unsatisfactory rating is justified, the contracting officer must consider whether the contractor made a good faith effort to comply with the requirements of the subcontracting plan required by FAR 52.219-9 and follow the procedures outlined in FAR 52.219-16, Liquidated Damages-Subcontracting Plan.





Small Business 101

It's the policy of the government to provide “maximum practicable opportunities in its acquisitions to small business...concerns. Such concerns shall also have the maximum practicable opportunity to participate as subcontractors...” FAR 19.201(a)

- **Small Business Programs**

- Small Businesses (SB)
- Women-Owned Small Businesses (WOSB)
- Small Disadvantaged Businesses (SDB)
- Service-Disabled Veteran-Owned Small Businesses (SDVOSB)
- Historically Underutilized Business Zone Small Businesses (HUBZone)

- **In accordance with FAR Part 19, there are set-aside and sole source opportunities**

- **Consult with your Small Business Deputy early in the acquisition process for advice**



Small Business (SB) Opportunity

- **SB can provide benefit to the program in terms of:**
 - Performance – technology innovation, commitment, etc.
 - Schedule – agility, flexibility, etc.
 - Cost - lower overhead, etc.
- **Opportunities as prime contractors**
 - DoD, Navy and NAVAIR all have targets for prime contracts
 - Market research determines if potential SB sources exist
 - NAVAIR awarded \$1.8B to SBs in FY10
 - 8.6% of prime contract dollars; target was 5.9%
 - We report progress towards meeting prime contracting goals to Navy yearly
- **Opportunities as subcontractors**
 - Each contract (over \$650K; \$1.5M for construction) with a large business prime requires the prime to submit a SB Subcontracting Plan
 - SB Subcontracting Plan documents goals for the contract / contractor
 - Prime reports progress towards meeting subcontracting goals twice yearly



SB Subcontracting Plans

- **Each contract valued over \$650K (\$1.5M for construction) requires a SB Subcontracting Plan**
 - Incorporated into the contract
 - Three types of Plans:
 - Individual (specific to the contract); some boilerplate info may be in a Master Subcontracting Plan
 - Commercial (for truly commercial products)
 - Comprehensive (company- or division-wide) – a “CSP”
 - Sets goals for % of subcontracted \$\$ to go to SB (by socio-economic classification; i.e. Service-Disabled Veteran-Owned SB)
 - First tier subcontracts only
 - Subcontracting reports required to show performance vs goals
 - Individual Subcontracting Reports (ISR) – for Individual Plans
 - Summary Subcontracting Reports (SSR) – for Commercial & CSPs
 - Due in OCT and APR each year



SB Subcontracting Plan Content

- **Goals: \$\$ going to SBs, and % of total subcontracted value**
(FAR 19.704(a)(1) and (2))
 - For this contract (Individual Subcontracting Plan); OR
 - For the plant, division or corporation (Commercial Plan, Comprehensive Plan)

| | Dollars | Percent |
|---------------------|--------------|---------|
| Large Business | \$17,098,434 | 77.0% |
| Small Business | \$5,107,324 | 23.0% |
| Total Subcontracted | \$22,205,758 | 100% |
| | | |
| SDB | \$1,110,288 | 5.0% |
| WOSB | \$1,021,465 | 4.6% |
| HUBZone | \$666,173 | 3.0% |
| VOSB | \$888,230 | 4.0% |
| SDVOSB | \$555,144 | 2.5% |

Example

Note!!

- **Goals must also include supporting rationale - if they cannot meet the DoD subcontracting goals, why not?**
- **What Supplies/Services are being subcontracted, and to what type of firm?** (FAR 19.704(a)(3))

Continued...



SB Subcontracting Plan Content (continued)

Elements typically
included in the
Master Plan

- **How were the goals developed?** (FAR 19.704(a)(4))
- **Are indirect costs included? If so, how are they calculated?** (FAR 19.704(a)(6))
- **How will they identify SB sources and how will they assure that SBs have an equitable opportunity to compete for subcontracts?** (FAR 19.704(a)(5) and (8))
- **Who administers their subcontracting and what are their duties?** (FAR 19.704(a)(7))
- **Assurances they will include the right contract clauses, submit reports, cooperate with our requests** (FAR 19.704(a)(9) and (10))
- **Description of their contract-by-contract recordkeeping** (FAR 19.704(a)(11))